

Message Text

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ORIGIN NEA-10

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FM SECSTATE WASHDC
TO AMEMBASSY KUWAIT IMMEDIATE

C O N F I D E N T I A L STATE 199755

E.O. 11652: GDS

TAGS: ETRD, KU

SUBJECT: FRIESEN INTERNATIONAL RECEIVES REQUEST FOR
BOYCOTT STATEMENT

1. AS EMBASSY AWARE, FRIESEN INTERNATIONAL HAS BEEN
NEGOTIATING FOR SEVERAL MONTHS ON CONSULTANCY CONTRACT
FOR MANAGEMENT, TRAINING AND ASSISTANCE WITH EQUIPMENT
PURCHASES FOR SIX NEW HOSPITALS IN KUWAIT. ON AUGUST 18,
DR. AHMED NAIM, OF MINISTRY OF HEALTH, TELEXED FRIESEN
STATING QUOTE DOCUMENT DECLARING BOYCOTT OF ISRAEL IS
ESSENTIAL END QUOTE.

2. FRIESEN REPS HAVE CALLED ON DEPARTMENT OFFICERS ON
SEVERAL OCCASIONS TO DISCUSS STATUS OF THEIR NEGOTIATIONS
IN KUWAIT. FRIESEN WAS MEMBER OF STATE OF MARYLAND IOGA
TRADE MISSION TO KUWAIT IN 1975 AND, THROUGH USDOC ASSIS-
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TANCE, HAS ACTIVELY PURSUED BUSINESS THERE. ACCORDING TO
FRIESEN REPS, SUBJECT OF BOYCOTT NEVER CAME UP DURING
SELECTION PROCESS OR DURING NEGOTIATION. CONTRACTS WERE IN
FINAL FORM AND READY TO BE SIGNED WHEN DR. NAIM'S TELEX
ARRIVED.

3. FRIESEN SENIOR VICE PRESIDENT AHMED YEHIA SAID THAT

DURING NEGOTIATIONS WITH MINISTRY OF HEALTH HE SENSED

CONSIDERABLE HOSTILITY FROM SOME MID-LEVEL MINISTRY OFFICIALS, ALTHOUGH DR. NAIM AND MINISTER OF HEALTH AL-AWADHI WERE CORDIAL AND HELPFUL. YEHYIA FEELS THAT LAST-MINUTE INJECTION OF BOYCOTT REQUIREMENT INTO PROCEEDINGS IS EXAMPLE OF THIS HOSTILITY BASED ON (A) IDEOLOGICAL I.E. PRO-BOYCOTT GROUNDS OR (B) AS A TACTIC BY LOCAL REPS OF COMPETING CONSULTING FIRMS. YEHIA SAID THAT U.K. FIRM LLELLWYN-DAVIES WAS THIRD ON LIST OF POSSIBLE CONSULTANTS WHICH GOK HAD EVALUATED. YEHIA FURTHER UNDERSTANDS THAT LLELLWYN-DAVIES IS ACTING THROUGH KUWAITI AGENT AND IS MAKING STRONG PITCH FOR HEALTH MINISTRY CONTRACT WHICH FRIESEN HAS ALL BUT INCLUDED. FRIESEN SAYS CONTRACT AS IT NOW EXISTS HAS VALUE 1.9 MILLION DOLS. ALTHOUGH EXTENSION OR ADDITION OF RESPONSIBILITY (BOTH BEING CONSIDERED BY MINISTRY) WOULD PUSH VALUE HIGHER. FACT THAT FRIESEN, IF IT WINS CONTRACT WILL BE IN ANY POSITION TO SET SPECIFICATIONS FOR FUTURE PURCHASES OF MEDICAL EQUIPMENT MAKES CONTRACT MUCH MORE IMPORTANT.

4. FRIESEN HAS ASKED DEPARTMENT AND EMBASSY FOR ADVICE AND ASSISTANCE IN HANDLING THIS PROBLEM. ACCORDINGLY, REQUEST EMBASSY KUWAIT APPROACH DR. NAIM AND OTHER APPROPRIATE GOK OFFICIALS, AS EMBASSY JUDGES NECESSARY, CONFIDENTIAL

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TO DETERMINE REASON FOR REQUEST OF BOYCOTT INFORMATION AND TO ASK THAT REQUEST BE DROPPED. EMBASSY MAY WISH TO USE FOLLOWING POINTS: (A) USG IS PLEASED THAT MINISTRY OF HEALTH HAS SELECTED U.S. FIRM FOR THIS IMPORTANT PROTECT. (B) MINISTRY OF HEALTH APPARENTLY HAS THOROUGHLY EVALUATED FRIESEN AND FOUND IT BEST QUALIFIED. FRIESEN LOOKING FORWARD TO KUWAIT PROJECT AND ACCORDING FRIESEN REPS, HAS ALREADY BEGUN PREPARATIONS. REQUEST FOR BOYCOTT INFORMATION AT THIS STAGE OF AGREEMENT IS PUZZLING. (C) WE ARE CONCERNED THAT FOREIGN FIRMS MAY BE TRYING TO CREATE BOYCOTT ISSUE WHERE NONE EXISTS TO ELIMINATE BETTER-QUALIFIED U.S. FIRMS.

5. ALSO SUGGEST EMBASSY DRAW AS APPROPRIATE ON ITS FREQUENT AND USEFUL CONTACTS IN RECENT MONTHS WITH GOK OFFICIALS ON ONGOING EFFORT TO WORK OUT POTENTIAL BOYCOTT PROBLEMS. FRIESEN REPS SUGGEST THAT DR. NAIM HAS LITTLE KNOWLEDGE OF GOK POLICY ON BOYCOTT OF ISRAEL AND MAY BE ACTING ON INSTRUCTIONS OR ADVICE OF SOMEONE IN MINISTRY OF HEALTH OTHER THAN MINISTER.

6. FRIESEN (AND DEPARTMENT) HOPE THAT DISCUSSION OF

MATTER WITH MINISTRY OF HEALTH AND OTHER GOK OFFICIALS
AS YOU CONSIDER APPROPRIATE MAY PERSUADE THEM TO DROP
REQUEST FOR BOYCOTT STATEMENT. DEPARTMENT DOES NOT KNOW

WHAT FRIESEN WILL DO IF KUWAITIS HOLD TO REQUIREMENT.

7. FRIESEN REPS SAY THAT NEXT DAY OR TWO ARE CRITICAL
TO THEIR CHANCES OF SIGNING CONTRACT. WOULD APPRECIATE
EMBASSY (AMBASSADORS WHERE APPROPRIATE) MAKING APPROPRIATE
DEMARCHES TO GOK OFFICIALS.

8. COMMENT: AT THIS DISTANCE, IT IS DIFFICULT TO MAKE
CLEARER ASSESSMENT OF FRIESEN'S PROBLEM. EMBASSY ALSO
IN BETTER POSITION THAN DEPARTMENT TO DECIDE ON PROPER
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APPROACH TO GOK. DEPARTMENT WOULD WELCOME QUICK ACTION
AS YOU DEEM APPROPRIATE FOLLOWED BY REPORT WE CAN RELAY
TO FRIESEN REPS. CHRISTOPHER

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Message Attributes

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Sent Date: 22-Aug-1977 12:00:00 am
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